

NEW SOUTH WALES.

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15th September, 1942.

1942/9A.

NEW SOUTH WALES

BUSINESS STATISTICS - MONTHLY DIGEST.

SEPTEMBER, 1942.

GENERAL.

During the past month Australians have appreciated more and more the effects of an increasing war effort. Total war expenditure last year was £319.45 million compared with £170.24 million in 1940-41. War expenditure was at the rate of £31 million a month in July, but the estimate for the whole financial year is £40 million.

To meet this war bill and to provide the man power for the forces and for the industrial mobilisation implied by it, further restrictions are being imposed on civilians. Austerity is enjoined on everyone as the means to spread the inevitable sacrifices equitably. Sugar has been rationed and amusements restricted by taxation and other means. Emphasis is on hard work, limited consumption and the lending of savings to finance the war effort.

The level of bank clearings indicates an active circulation of funds. In recent months share prices have risen and bond yields have continued to decline. Earnings are high as also are savings, but greater savings are called for. Wholesale and retail sales were lower in June than in earlier months this year and a further decline is inevitable as stocks of imported goods and some locally made goods run down.

Total non-rural and manufacturing employment are declining as man power is absorbed by the forces, but an increasing proportion of employment is for war purposes.

Rural industries are experiencing excellent seasonal conditions inland. Coastal (dairying) areas require rain. The effects of the past drought are still being felt, e.g., in the yield of maize crops and in wool clips now arriving at ports. The man power position of the rural industries remains acute.

Foreseeing the necessity for comprehensive reconstruction work after the war, it has been announced that the Commonwealth Government intends to seek an extension of powers, probably by a referendum late next year.

The conclusion of a Reciprocal Land-Lease Agreement with the U.S.A. may have a permanent effect on Australia's foreign trade policy. This form of agreement, based on the Mutual Aid Agreement signed by Britain and the U.S. last February, binds the parties to aim at the elimination of all forms of discriminatory treatment in international trade.

PUBLIC FINANCE.

Compared with financial operations last year (shown in B.S. 1942/8A), the Commonwealth Budget for 1941-42 shows estimated increases of £121 million in war expenditure, £8 million in other expenditure, £39 million in revenue and £89 million in receipts from loans (including War Savings).

War expenditure in Australia is estimated at £390 million (last year £273 million) and overseas at £50 million (last year £46.5 million). Arrangements have been made with the British Chancellor of the Exchequer to provide for British service of Australian oversea obligations should this become necessary.

The increase in expenditure "other than war" is mainly on account of social services. Except for the effects of the uniform tax scheme, there has been no increase in income tax. Customs and excise duties, mainly on tobacco, beer, spirits and matches, have been increased and a graduated entertainments tax has been imposed. The States are withdrawing their entertainment taxes from 1st October. New South Wales will receive as compensation £160,830 a year.

Last year war expenditure from loans (£210 million) included: public loans £119 million; Treasury Bills discounted with the Commonwealth Bank £78 million; War Savings Certificates, interest free loans, etc., £13 million.

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In 1942-43 it is hoped to finance the war to the extent of about £300 million by voluntary loans, including £240 million from public loans and £60 million from small savings. This does not include provision for funding Treasury Bills issued last year.

The New South Wales accounts, 1941-42, were reported in B.S. 1942/8A. The Budget for the current year has not yet been brought down. During July, State revenue was 2.7% above last July and expenditure 5% greater.

BANKING.

Savings: Deposits in savings banks in New South Wales have increased rapidly in recent months. From April to July inclusive the increase was £6,407,000. Net sales of War Savings Certificates are low and 3% "Baby" (£10) War Bonds have not appealed to the public.

During the next twelve months rationing, restriction of industries supplying civilian needs and self imposed austerity are expected to result in a pronounced increase in small savings.

	£ (thousands)			
Savings Banks -	1940-41	1941-42	July 1941(a)	July 1942(a)
Increase in Deposits:-	5,639	6,788	(-) 802	1,327
War Savings Certificates:-				
Net Sales	4,040	2,936(b)	299	270(c)
Total	9,679	9,724	(-) 503	1,597

(a) Excluding interest credited for previous year.

(b) Approximate.

(c) Average net monthly sales January-May, 1942.

Pay roll tax statistics indicate that earnings of wage earners (including overtime allowances, commissions, etc.) are increasing. The increase is due partly to the rise in the basic wage (v. B.S. 1942/8A p. 5).

Trading Banks:

Deposits in nine trading banks in Australia decreased seasonally from June to July. Comparing July, 1942, with the average for the year 1939, fixed deposits were £9.6 million lower and deposits on current account £67 million higher. Advances were lower by £21 million, but the banks' holdings of Government Securities (including Treasury Bills) were £49 million above the 1939 average. The trading banks in July, 1942, had special war time deposits of £36.3 million with the Commonwealth Bank.

COMMERCE AND FINANCE.

Terms of the £100 million Austerity War Loan, opening for subscription in November, will be substantially the same as the terms of the last war loan, i.e., par, 3½% for 8-16 years or 2½% for 4-5 years.

The yield of Commonwealth bonds at the end of August compared with earlier periods is shown below. The decline from July to August, 1942, was the most pronounced fall for some time.

COMMONWEALTH LOANS.

Taxed at 1930 Rates:-	Average -		March 1942	June, 1942.	July, 1942.	August 1942.
	1939	1941				
Interest yield £ p.a. per £100 (a)						
5 - 10 years	3.87	2.95	3.07	2.93	2.83	2.80
10 years and over	3.92	3.10	3.17	3.13	3.13	3.03

(Compiled by Commonwealth Bank).

(a) Weighted average rate, calculated on earliest date of maturity when above par and on latest date when below par.

The weighted average rates of interest on private first mortgages registered in July were 4.9% in the case of rural securities and 5.3% for urban securities. The corresponding rates in January, 1942, were 5.0% and 5.5% and in September, 1939, 5.2% and 5.5%.

A New South Wales land tax on large rural estates has been proposed. The proceeds may be used to provide advances to small farmers at 2½%.

From September 14, the amount which may be borrowed on first mortgage in any period of twelve months without Treasury approval was reduced from £1,000 to £500 (except for building societies - limit £1,000). The maximum rate of interest allowed on renewals of first mortgages is fixed at 5½% in the case of building societies and 5% in other cases.

Share prices have regained nearly the whole of the ground lost in the three months following the entry of Japan into the war. Public utilities and insurance companies' shares have not recovered as much as other classes. The Commonwealth Treasurer, concerned at the upward trend of share prices, asked the Sydney Stock Exchange to dispense with the revision of maximum permissible share prices which normally would have taken place in mid-September.

Following the introduction of clothes rationing, retail sales in Sydney fell rapidly. The index (1931 = 100) of sales in June Quarter was below last year, falling steeply from 192 for the three months ended May to 170 for June Quarter. Sales at wholesale in New South Wales, though well above last year for the period January-June, fell sharply from May to June.

Rationing has been extended to sugar; the allowance is 1 lb. per head weekly.

The strictest economy is being urged by a wide campaign with a view to reduced civilian consumption of a large range of commodities.

Real estate transactions are restricted by National Security Regulations and the cessation of new house building. Housing and national insurance have been named specifically as reconstruction measures favoured by the Commonwealth Government.

Bank Clearings (Sydney)		Stock Exchange (Sydney)		Wholesale Trade(N.S.W.)		Retail Trade (Sydney)		Real Estate (N.S.W.)	
Amount £ mill.		Prices of Ord. Shares ^ø July		Sales		Sales		Sales Mortgages	
Jan-July				June	Jan-June	June Qr.		Jan -	July
£ mill.		Index No. - Par Value = 100		£m.	£ mill.	Index No. 1931 = 100		£ mill.	£ mill.
1938	541.6	179		15.0	94.4	137		21.5	15.6
1939	526.8	176		14.9	93.7	133		19.4	13.4
1940	623.0	151		17.1	97.7	142		17.9	10.7
1941	651.1	168		21.8	110.3	175		19.2	9.2
1942	702.2	163		18.9	116.5	170		13.6	5.5

ø 34 Active Shares.

✗ Excluding Treasury Bills.

MANUFACTURING.

There has been a decline in males employed in manufacturing industries in New South Wales. It coincides with a diversion of labour into war work. Factories supplying civilian needs are losing man power rapidly.

The Broken Hill Pty. Co. Ltd. has succeeded in producing tungsten carbide steel used for tool tips, etc., and armour plate suitable for welding. Production of ferro and magnesium alloys has increased rapidly and export of one variety of ferro alloy to another British Dominion has taken place.

The types of boots, shoes and slippers which may be manufactured have been limited in order to release man power and conserve materials.

In 42 large factories in New South Wales, including some supplying war goods, the value of sales in June, 1942, was 25% above last year. Although the number of employces engaged was less, the weekly wage-bill was 21% higher.

N.S.W. MANUFACTURING INDUSTRY.

Period	42 Large Factories			All Factories & Works in N.S.W.		Index of Employment.+	
	Sales £m.	Employees Hundreds	Weekly Wages & Salaries Hundreds £	Employees + 000	1928/29 = 100	1938/39 = 100	
1938/39 Monthly Av.	3.12	234	964	229	127	100	349.1
1939/40 "	3.44	235	996	237	131	104	
1940/41 "	3.90	260	1,170	266	147	116	
1941/42 "	4.84	281	1,464	293	162	128	
1941 - June	4.02	280	1,292	281.8	156	123	
1942 - Jan.	4.52	282	1,459	292.1	162	128	
Apr.	4.90	278	1,513	296.5	164	130	
May	4.93	278	1,517	297.1	164	130	
June	5.08	277	1,564	295.7	164	129	

+ Including working proprietors and subject to revision in respect of 1941/42.

The index of consumption of gas and electricity in Sydney during the period January-July (same period 1929-31 = 100) has averaged approximately two points higher than last year. The index reached the high level of 155 in July compared with 149 in July 1941 and 139 in July 1940.

Stocks of coal are low in South Australia and an official campaign has been started for reduced consumption throughout Australia of fuel, light and power.

EMPLOYMENT.

Total non-rural employment (excluding private domestics) in New South Wales declined by 5,600 from May to June. The decline was in males employed, continuing the downward trend which began late last year. Government employment of both males and females continues to expand, while private employment is declining. From June to July Government and Semi-Government employment in New South Wales increased by 2,200, due to expanding defence works and munitions employment.

The call-up for Army Service, enlistments and the drafting of men into the Civil Construction Corps are making heavy demands on remaining man power. The programme now envisaged for 1942, but unlikely to be completed this year, calls for another 139,000 men and 80,000 women, made up of 183,000 men and women for the services, defence works and munition works and 36,000 women for replacement of men taken from essential civilian industry.

NEW SOUTH WALES.

ESTIMATED TOTAL NON-RURAL WAGE-EARNERS EMPLOYED (EXCL. HOUSEHOLD DOMESTICS).

End of Month	MALES			FEMALES			TOTAL		
	Government (C/wealth, State & Local).	Private Employers	Total.	Government (C/wealth, State & Local).	Private Employers	Total.	Government (C/wealth, State & Local).	Private Employers	Total
1939-July	136.5	399.1	535.6	19.4	141.3	160.7	155.9	540.4	696.3
1941-July	141.5	423.1	564.6	21.7	185.0	206.7	163.2	608.1	771.3
-Dec.	146.4	428.2	574.6	23.4	193.7	217.1	169.8	621.9	791.7
1942-Mar.	148.9	411.7	560.6	25.0	195.2	220.2	173.9	606.9	780.8
May	151.5	402.7	554.2	26.9	195.4	222.3	178.4	598.1	776.5
June	152.5	396.2	548.7	27.8	194.4	222.2	180.3	590.6	770.9

(Excludes persons on military service but includes Civil Construction Corps.)

Some waterside and some construction workers have gone to Queensland from New South Wales and hence no longer appear in the statistics of employment in this State.

The munitions programme is hindered by a shortage of skilled men such as toolmakers and an inquiry is to be made to ascertain if the services of such men are being efficiently used.

The table below illustrates the trend of employment in certain broad classifications. The numbers do not represent the total engaged in those industries.

Employment in factories and works was shown earlier.

EMPLOYMENT OF WAGE & SALARY EARNERS AS RECORDED BY EMPLOYERS
ON PAY ROLL TAX RETURNS.
(Thousands)

Last Pay Day in Month	Employees recorded by Employers whose principal activity is:											
	Mining & Quarrying		Building & Construction (a)		Transport (R/ways, T/ways Ship/g. Road).		Retail trade.		Other Commerce & Finance		Other Private Non-rural Employment-Personal Services, etc.	
	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.
1941-July	21.7	0.2	20.5	0.5	77.5	3.2	31.6	31.7	47.2	18.9	-	-
Dec.	21.7	0.2	17.7	0.5	84.6	3.6	31.6	35.1	46.5	20.4	16.2	20.8
1942-Jan.	21.3	0.2	18.7	0.5	82.7	3.7	29.9	32.6	45.4	20.8	15.6	20.6
May	21.0	0.2	18.1	0.5	84.9	4.0	26.2	32.8	41.2	21.4	13.8	20.7
June	21.1	0.2	17.8	0.5	84.9	4.0	25.3	32.4	40.3	21.5	13.5	20.6

(a) Excluding large numbers on construction work carried out by Government authorities.

(Pay Roll Tax returns are submitted by all employers paying wages of over £20 a week; excepting C/wealth Govt., charities etc.).

National Service Officers continue to send large numbers of men to employment, but there are not many unemployed on the register at any particular time. The recent decline in the number of registered unemployed males has taken place in the Metropolitan Area.

N.S.W. - UNEMPLOYED MALES REGISTERED.
(End of Month.)

	March, 1942.	April, 1942.	May, 1942.	June, 1942.	July, 1942.
Metropolitan Area	1,340	1,543	839	463	388
Other Areas	1,101	1,145	1,347	1,450	1,398
Total	2,441	2,688	2,186	1,913	1,786

BUILDING.

The value of buildings commenced in the Metropolitan Water Board Area in August, 1942, was £275,000 compared with £1,138,000 in August, 1941.

The table below shows the total value of private and Government building in July 1942 and in 1941-42 and earlier years. Private building is now confined to essential work - largely factory construction, and Government building far exceeds private. Building activity is now greater in the country areas than in the Metropolis.

VALUE OF PROPOSED BUILDINGS - N.S.W.

New Buildings, Alterations & Additions.

PERIOD.	PRIVATE BUILDING. (Permits to Build)		PUBLIC BUILDING (C.W. & State Govts.)		TOTAL BUILDING.		
	Metropolis	Other N.S.W. (as far as recorded(a))	Metropolis	Rest of State.	Metropolis	Other N.S.W. (as far as recorded).	Total
1938/39	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1939/40	13,333	5,953	x	x	x	x	x
1940/41	11,437	5,052	1,053	1,537	12,490	6,589	19,079
1941/42	12,006	4,624	1,477	2,501	13,483	7,125	20,608
1941-Dec. Qr.	5,969	3,364	1,329	3,640	7,298	7,004	14,302
1942-Mar. Qr.	2,116	1,060	375	957	2,491	2,017	4,508
-June Qr.	424	533	283	1,213	707	1,746	2,453
-July	289	265	198	561	487	826	1,313
	61	x	63	244	126	x	x

x Not available. / Contracts accepted.

(A.R.P. work is excluded).

(a) Returns received from authorities covering $\frac{3}{4}$ of the non-metropolitan population.

TRANSPORT.

Government Railway and road transport statistics for 1941-42 given in the last digest, are repeated below. To save tyres, oil and vehicles, bus services to the city are to be restricted in slack hours. All passenger transport is working to capacity in peak hours.

Freight delivery services have been pooled and retailers' deliveries restricted. The delivery of ice is to be zoned in the coming summer.

The decline in motor registrations continues; sales of tyres are strictly controlled, and it is probable that registrations of pleasure vehicles will fall rapidly as existing tyres wear out.

MOTOR.....

MOTOR VEHICLES REGISTERED, N.S.W.
(000 omitted)

	August, 1939.	December, 1941.	June, 1942.	July, 1942.
Cars	217	189	170	170
Lorries	78	76	71	71
All Vehicles	329	295	268	267

N.S.W. PUBLIC TRANSPORT.

Period	RAILWAYS - N.S.W.			TRAMS & 'BUSES - SYDNEY & NEWCASTLE.	
	Passenger Journeys.	Tonnage of Goods & Livestock	Excess of Revenue over Working Expenses (a)	Passenger Journeys.	Excess of revenue over working expenses. (b)
	millions	'000	£'000	millions	£'000
1938-39	186.7	15,417	4,603	375.2	667
1939-40	179.1	13,620	5,308	378.3	700
1940-41	194.1	18,031	6,054	406.9	858
1941-42	218.8	18,651(c)	5,974	476.6	783

(a) Excl. interest, sinking fund and exchange - £m. 6.56 in 1939/40 and £m. 6.62 in 1940/41.

(b) Excl. interest, sinking fund, exchange and current depreciation which amounted to £0.67 in 1939/40 and £m. 0.66 in 1940/41.

(c) Partly estimated.

RURAL INDUSTRIES.

Seasonal conditions generally are favourable. Some rain is still required in the north and in coastal areas. The rainfall index for August showed the following rainfall percentages of normal in that month:- Wheat districts, 105%; sheep districts, 72% and dairying (coastal) districts, 31%.

Wheat harvest prospects are bright and with normal conditions from now on until harvest, it is anticipated that high average yields will be obtained from the smaller area sown. Fodder storage is low, due to poor seasons. Shortage of labour and fuel will affect hay and silage making for the replenishment of stocks.

The Federal Government's plan for the 1942-43 wheat crop (vide B.S.1942/6A) has been adopted.

The quantity of wool received at appraisal centres so far this season is less than last year, due to rail transport difficulties. In order to conserve man power and transport, a priority scheme is under consideration. Types of wool required immediately for shipment or use in Australia will be brought to ports first and other wool will be transported over a more extended period than usual. Wool will be sent to the nearest appraisal centres. Clips appraised to date show the effects of last year's drought and many are shorter in the staple, due to less than a full year's growth before shearing under the zone system began. The total clip should be large owing to the high sheep population. Production of wool in New South Wales in past seasons and total appraisals in Australia were as follows:-

	<u>1938-39.</u>	<u>1939-40</u>	<u>1940-41</u>	<u>1941-42</u>
Wool produced in New South Wales...million lb.	437	546	537	547
Wool appraised, Australia...'000 bales	.	3,621	3,506	3,578

The report of the special committee which inquired into the dairy industry is in the hands of the Commonwealth Government. It is understood that an increase in the price of butter was recommended. Output of butter is unlikely to show improvement over last year for some time. A large order from the Middle East for canned cheese has been accepted by Australia.

The facilities of canneries are being fully utilised to supply many kinds of canned goods, primarily for the Services. U.S.A. is being approached to supply canning machinery.

Some restriction on local civilian consumption of beef may be necessary. Mutton dehydration is as yet only on a minor scale.

While Canada is expanding the production of barley, there is an unsold surplus in Australia of six million bushels. There was little export in 1941-42.

THE WORLD WHEAT SITUATION.

Wheat news in recent months:- an agreement has been concluded by the United Kingdom and the four large exporting countries. Stocks increased last season in the latter countries, except Canada. It is expected that production control arrangements will be announced by the International Wheat Council early next year. The North American harvests this year will greatly exceed the high level of 1940; both U.S.A. and Canada have higher yields from smaller areas.

Australia and Argentina will produce less wheat this season. European harvests are below requirements. In Britain a large harvest has been gathered in recent weeks. Canada has signed an agreement with Russia to supply up to 9 m. bushels.

Controlled prices have been increased in Argentina, Canada and Britain.

INTERNATIONAL AGREEMENT.

The memorandum approved by the Governments of Argentina, Australia, Canada, United Kingdom and United States, came into effect on 27th June, 1942. It is the first step in the conclusion of a comprehensive international wheat agreement. Provision is made for the convening of a conference of all nations having a substantial interest in wheat, whether as consumers or producers. In the meantime the Memorandum requires, on the part of the four exporting countries, positive measures to control production with the object of minimising the accumulated excess of stocks during the war.

A pool of 100 m. bus. of wheat is to be established immediately, with provision for additional quantities as the need becomes known, for inter-governmental relief in war-stricken areas.

It is reported that the International Wheat Council is examining and will report next January on production control measures in the exporting countries. Export quotas may be set and the aim will be for each government to take measures to reduce production to its quota plus home needs.

WORLD STOCKS & IMPORTS.

On Jan. 1, 1942, stocks of wheat in exporting countries were larger than ever before on that date. In the four major exporting countries stocks remaining for export or carry-over (after allowing a full year's domestic supply) are estimated at 1,524 m. bus. or 16% above the record level a year earlier. At the end of the crop year carry-over stocks in the principal exporting countries were as follows:-

CARRY-OVER STOCKS OF WHEAT-PRINCIPAL EXPORTING COUNTRIES.

(millions of bushels)

End of July	U.S.A.	Canada	Argentina	Australia	Total (4 countries)
1937	83	33	45	25	186
1938	153	24	72	34	283
1939	252	103	230	43	628
1940	292	300	75	109	776
1941	387	480	117	55	1,039
1942	631	424	198	122	1,375

Estimated world imports in 1941/42 were expected to be not more than 400 m. bus. compared with an estimated total of 465 m. bus. in 1940/41 and 581 m. bus. in 1938/39.

PRODUCTION. Canada's harvest now proceeding is expected to yield 615 m. bus. of wheat, an all-time record. The United States' crop is estimated at 955 m. bus. a figure surpassed only in 1915 when over 1,000 m. bus. were harvested.

/PRODUCTION.....

PRODUCTION OF WHEAT, U.S. AND CANADA.

	<u>Av. 1929-33</u>	<u>Av. 1934-38</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
Millions of bushels.						
U.S.A. - Spring	210	158	192	228	273	257
Winter	573	559	563	589	671	698
Total	783	717	755	817	944	955
Canada	354	263	490	540	299	615
	<u>1,137</u>	<u>980</u>	<u>1,245</u>	<u>1,357</u>	<u>1,243</u>	<u>1,570</u>

In Canada and U.S.A. growers are being encouraged to transfer acreage to coarse grains (barley, linseed etc.) more urgently required in war time. Much more wheat, is being fed to livestock, especially pigs, and this has been an important factor in reducing Canada's carry-over.

In U.S.A. storage and transport difficulties are expected this season, empty country and terminal storage space being estimated as low as 25% of that available last year. Aid has been given to farmers to erect storage bins. The carry-over in July, 1942, was nearly equal to a year's home consumption (seed, feed and human food - total 650-700 m. bus.)

India's wheat crop this year is expected to be 376 m. bus. or about $2\frac{1}{2}$ m. bushels above last year's.

Broomhall estimates European (excl. U.S.S.R.) production at approximately 1,440 m. bus. this year which is slightly lower than 1,480 m. bus. suggested for the previous year. As British production is probably somewhat above last year (not disclosed), Continental crops have shown a reduction, as far as the very meagre information available suggests, of about 3-4%.

The estimated acreage planted in the Argentine earlier this year was 15.8 m. (estimate) compared with 17.5 m. acres last year. Dry and unusually cold weather, resulting in hard soil, was responsible. Production last season was 224.13 m. bus. compared with 271 m.b. in the 1940-41 season. Wheat stocks in the Argentine, though less than in 1939, nevertheless overtax storage facilities.

Australia is not expected to produce a crop as large as last season. However, good yields are forecast if the weather is normal until harvest. In 1941-42 production was 166.7 m.b. or more than double the previous drought stricken crop. Area sown for grain was 12.06 million acres but for the current season licenses were taken out for the planting of only 10,951,000 acres and not more than 10 m. acres may be sown. (Note: Production and areas sown by States shown on a later page).

AUSTRALIA AND ARGENTINA - AREA AND PRODUCTION OF WHEAT.

Acreage (m.acres):-	<u>Av. 1934-35 to</u>	<u>1938-39</u>	<u>1938-39</u>	<u>1939-40</u>	<u>1940-41</u>	<u>1941-42</u>
	<u>1938-39</u>					
Argentina ϕ	-	21.1	18.0	17.5	17.5	
Australia	-	14.3	13.3	12.6	12.6	12.1
Production (m.bus.):-						
Argentina	230.5	336.2	119.5	271.17	224.13	
Australia	154.30	155.4	210.3	82.2	166.7	

ϕ Approximate figures.

CROP CONDITIONS, etc.

Western Europe has been favoured with good weather but total crops will be far short of requirements. German bread ration increased in September to 72 ozs. a week.

Finland: Conditions critical. Areas of crops as much as 50% below planned levels.

/Sweden.....

Sweden: Crop yields last year the worst for 50 years. Bread-grain crop only 58% of average of ten years 1931-40. Prolonged winter delayed planting last spring.

Roumania: Crops affected in recent months by dry weather. Spring sowings were well below expectations. Bread ration reduced a second time in two months to $38\frac{1}{2}$ ozs. week.

United Kingdom: Harvest proceeding. Area greater than last year.

Ire: Bread rationing ceased when wheat supplies were obtained recently from Canada via United Kingdom.

Russia: A large proportion of the wheat growing area is occupied by the enemy. An effort is being made to expand production in suitable areas in Siberia.

Italy: Crop prospects below average. Bread ration $38\frac{1}{2}$ ozs. per week.

Turkey: Bread ration reduced recently to 55 ozs. weekly. Ration first introduced late last year. Crop was poor and imports necessary.

Iran: Last year Iran normally self-sufficient in cereals, had to import wheat and flour.

Egypt: Demand for grain necessitated Ministry of Agriculture obtaining power to requisition grain for seed for 1942-43 season.

Kenya: An ambitious wheat growing scheme launched by the Government. Aim is 100,000 acres.

South Africa: Crop poor. May have to import one million bushels this season.

Mexico: Crop best for several years. Expected to meet all home requirements.

Bolivia: Cessation of imports of grain from Brazil created a shortage. The Government has offered to provide all growers with high-grade seed.

Spain: No wheat flour can be used to make pastries and cakes in Spain. This has greatly increased use of almond meal for flour. Spain is one of the Argentine's best export markets for wheat (see below).

Australia: In N.S.W. crops are doing fairly well but need rain except in the Riverina. Seasonal conditions are very favourable in Southern States and big acre yields are predicted in Victoria, S.Aust. and West. Aust. Preliminary forecasts of area sown for grain are: N.S.W. (Dept. of Agriculture) 3.3 m. acres (a reduction of 669,000 acres) and South Aust. 2.0 m. acres (reduction of 325,000 acres on last year.)

TRADE. Wheat and flour exports are no longer published in Australia, Canada or U.S.A. so that from a recent date until the end of the war little can be said about world trade in wheat or carry-overs.

Developments of interest include the Spanish mission to the Argentine in June and the wheat sale agreement between Canada and Russia signed in September.

It is believed that wheat was going to Russia via U.K. for some months prior to the agreement now made which provides for Soviet needs up to 9 m. bus. of wheat or flour.

The British Ministry of Food has ordered 120 m. bus. of Canadian wheat for Oct.-Dec. delivery. The price was not disclosed. With the orders of last November and May, 1942, Britain's orders in Canada during the twelve months were 360 m. bus.

During the 9 months Aug. 1941-Apr. 1942 exports of wheat and flour from Canada were 168.6 m. bus. compared with 140.2 m. bus. to the same period of the previous year. Total exports in the 1940-41 crop year were 231 m. bus.

The scheme to supply Greece with 10,000 tons of wheat monthly from U.K., Canada and U.S.A. was not accepted by Germany and Italy.

The estimated import requirements of Spain are 10 m. bus. The mission which visited the Argentine in June negotiated for 3,674,000 bus. (100,000 tons) in exchange for Spanish produce. Total exports from the Argentine in April and May were 7.98 and 7.03 m. bus. respectively (incl. equivalent of flour). In May, Chile agreed to purchase 28,000 tons (abt. 1 m. bus.) from Argentina.

PRICES.

International prices have no relation to local prices in the exporting countries or in United Kingdom.

(after Aug 1939)

The quotations below represent release prices of the Ministry of Food for wheat required by British millers. They do not represent prices paid by Britain for foreign wheat.

LONDON-PRICES OF WHEAT PARCELS TO BRITISH MILLERS.

Season of entry	June 1937.	Aug. 1938.	Aug. 1939.	Aug. 1940.	Aug. 1941.	Apr. 1942.	Aug. 1942.
British shillings and pence per quarter (8 bus.) - end of month.							
No.1 Manitoba	51 7½	27 0	u.o.	32 6	31 0	33 6	37 3
Rosafe (A'tine)	u. o.	27 3	18 9	u. o.	21 0	21 1½	26 0
S.Australian	45 0	26 3	20 0	26 9	27 6	27 6½	28 0½

x Old crop. New crop 28/6.

◊ Old and new crops.

as unshipped

The British guaranteed home price for local wheat was raised in February, 1942, from 14/6 to 16/- per cwt. i.e. from approximately 7/9 to 8/7 per bushel, British currency. The increase followed a rise in agricultural workers' wages but farmers claimed that their increased costs were not fully covered.

In U.S.A. the loan value of new season's wheat has been fixed at \$1.14 a bushel (about 7/1 Aust.) which is 16 cents a bus. above the 1941 loan value. The initial minimum price for new crop wheat in Canada is 90 cents a bus. (about 5/1 Aust.). Last year the initial price was 70 cents per bus. Prices were frozen on the Winnipeg Exchange from April to June, 1942 and the new price was quoted from 29th June for October futures.

The Argentine Grain Board raised the price for new crop wheat to approx. 5/10 Aust. per bus. compared with approx. 3/6 Aust. per bus. for the old crop (prices ex-dock for export to Europe and Brazil - other countries higher).

Australian prices are unchanged. Flour for Ceylon in new 150 lb. sacks has been exported at approx. £9.13.2 per ton. The local price (including flour tax £2.8.10) per ton is £12.13.0.

A comparison of local wheat prices in recent years is as follows:-

PRICES OF WHEAT - N.S.W.

Shillings and pence per bushel.

	Season ended November.				
	Av. 1931-35	1937	1939	1940	1941
	s. d.	s. d.	s. d.	s. d.	s. d.
Bulk Wheat on trucks - Sydney.					
- Shippers' buying quotes:	2 9½	5 3	2 5
- Milling, for local consumption	3 10½	3 11½
Average return to farmer at country rail (less cost of bags)†	2 5½	4 8	2 3½	2 10½	3 2½

x Fixed price - Aust. Wheat Board.

† Incl. bounty, assistance from flour tax, etc.

◊ Bagged. x Subject to revision.

To date growers have received 2/10 per bus. (bulk) advance from the 1941-42 pool.

AUSTRALIAN NOTES.

Exports of wheat and flour are not available for publication. The outlook for exports in the new crop year is not bright. Local sales during the year are expected to return £9.5 m., and the estimated total cost of the new crop plan being £27.5 m., there will be a deficiency of £18 m. until export sales are made.

Growers will receive a fixed net price of 4/- a bus. (bagged - 2d. less for bulk) at country sidings for their first 3,000 bushels. Excess wheat will be pooled and a first advance made of 2/- net per bus. at country sidings.

It is expected that some of the alcohol distilleries will be in operation at the end of the year. Each of four plants will use 1,250,000 bus. of wheat p.a. at full capacity. Wheat is also available for stock feed at the special price of 3/3 per bus. (bulk) in 6,000 bus. lots.

No difficulty is expected in storing new crop wheat in N.S.W. silos. It is too early yet to estimate the total area to be harvested for grain or the Australian crop. Indications are that the area sown in Aust. does not exceed 10 m. acres this season. Production and area harvested for grain in the various States in recent years are as follow:-

AREA SOWN TO WHEAT FOR GRAIN.

(Thousand acres)

Year	N.S.W.	Vic.	Q'ld.	S.A.	W.A.	Tas.	A.C.T.	Aust.
1937-38	4,465	2,686	373	3,162	3,026	21	2	13,735
1938-39	4,651	2,748	442	3,080	3,413	10	2	14,346
1939-40	4,381	2,827	361	2,735	2,970	8	2	13,284
1940-41	4,454	2,673	322	2,560	2,626	8	2	12,645
1941-42	3,969	2,757	(b) 350	2,325	2,650	8	1	12,060
Av. 10 years ended 1942	4,303	2,715	308	3,099	2,917	15	2	13,359
1942-43 -Area Licensed (a)	3,667	2,614	430	2,415	1,818	5	2	10,951

(a) Probably exceeds area actually sown.

(b) Subject to revision.

The area licensed for Western Australia was compulsorily reduced by one-third. Transport and storage difficulties necessitated this course. Compensation to be paid is about £550,000.

PRODUCTION OF WHEAT-AUSTRALIA.

(Thousand bushels)

Year	N.S.W.	Vic.	Q'ld.	S.A.	W.A.	TAS.	A.C.T.	AUST.
1937-38	55,104	48,173	3,749	43,429	36,225	526	50	187,256
1938-39	59,898	18,104	2,584	31,674	36,844	205	59	155,368
1939-40	76,552	45,054	6,585	41,072	40,861	108	45	210,277
1940-41	23,953	13,522	5,687	17,856	21,060	140	35	82,233
1941-42	48,500	46,954	(a) 3,000	30,507	37,500	192	50	166,703
Av. for ten years ended 1942	55,308	36,851	4,345	33,013	32,344	323	47	162,231

The scheme for the elimination of marginal wheat areas, now in its third year, is expected to be completed in 1943. Funds are derived from the Flour Tax but this year in addition to the usual £500,000 from that source, the sum of £107,000 has been made available from consolidated revenue. The amount to be paid to N.S.W. is £205,000.

